



DUKE ENERGY CORPORATION
139 East Fourth Street
P.O. Box 960
Cincinnati, OH 45201-0960

July 10, 2006

RECEIVED

JUL 11 2006

PUBLIC SERVICE
COMMISSION

Ms. Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Dear Ms. O'Donnell:

Case No. 2006-00347

Enclosed for filing are an original and four (4) conformed copies of Duke Energy Kentucky's ("Duke") "Monthly Report of Gas Cost Calculations and Tariff Schedules," for the month commencing with the August 2006 revenue month in accordance with KPSC order dated November 6, 2003 in Case No. 2003-00386. This filing is based on supplier tariff rates expected to be in effect on July 31, 2006 and the NYMEX on July 7, 2006 for the month of August 2006.

The above described schedules and GCA are effective with the final meter readings of District 1, August 2006, revenue month (i.e., final meter readings on and after July 31, 2006).

Duke's proposed GCA is \$8.774 per Mcf. This rate represents a decrease of \$0.208 per Mcf from the rate currently in effect for July 2006.

Please stamp "FILED" on the additional enclosed copy and return for our file. Thank you.

Very truly yours,

Lisa Steinkuhl

Lisa Steinkuhl

Enclosure

COMPANY NAME: DUKE ENERGY KENTUCKY
GAS COST ADJUSTMENT CLAUSE RATE CALCULATIONS
SUPPLEMENTAL MONTHLY REPORT

PARTICULARS	UNIT	AMOUNT
EXPECTED GAS COST (EGC)	\$/MCF	8.388
SUPPLIER REFUND AND RECONCILIATION ADJUSTMENT (RA)	\$/MCF	(0.004)
ACTUAL ADJUSTMENT (AA)	\$/MCF	0.367
BALANCE ADJUSTMENT (BA)	\$/MCF	0.023
GAS COST RECOVERY RATE (GCR) = EGC + RA + AA +BA	\$/MCF	<u>8.774</u>

GAS COST RECOVERY RATE EFFECTIVE DATES: JULY 31, 2006 THROUGH AUGUST 28, 2006

EXPECTED GAS COST CALCULATION

DESCRIPTION	UNIT	AMOUNT
TOTAL EXPECTED GAS COST COMPONENT (EGC)	\$/MCF	8.388

SUPPLIER REFUND AND RECONCILIATION ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
CURRENT QUARTERLY SUPPLIER REFUND & RECONCILIATION ADJUSTMENT	\$/MCF	0.000
PREVIOUS QUARTERLY REPORTED SUPPLIER REFUND & RECONCILIATION ADJUSTMENT	\$/MCF	0.000
SECOND PREVIOUS QUARTERLY REPORTED SUPPLIER REFUND & RECONCILIATION ADJUSTMENT	\$/MCF	0.000
THIRD PREVIOUS QUARTERLY REPORTED SUPPLIER REFUND & RECONCILIATION ADJUSTMENT	\$/MCF	(0.004)
SUPPLIER REFUND AND RECONCILIATION ADJUSTMENT (RA)	\$/MCF	(0.004)

ACTUAL ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
CURRENT QUARTERLY ACTUAL ADJUSTMENT	\$/MCF	(0.073)
PREVIOUS QUARTERLY REPORTED ACTUAL ADJUSTMENT	\$/MCF	0.873
SECOND PREVIOUS QUARTERLY REPORTED ACTUAL ADJUSTMENT	\$/MCF	(0.013)
THIRD PREVIOUS QUARTERLY REPORTED ACTUAL ADJUSTMENT	\$/MCF	(0.420)
ACTUAL ADJUSTMENT (AA)	\$/MCF	0.367

BALANCE ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
CURRENT QUARTERLY ACTUAL ADJUSTMENT	\$/MCF	0.040
PREVIOUS QUARTERLY REPORTED ACTUAL ADJUSTMENT	\$/MCF	(0.004)
SECOND PREVIOUS QUARTERLY REPORTED ACTUAL ADJUSTMENT	\$/MCF	(0.023)
THIRD PREVIOUS QUARTERLY REPORTED ACTUAL ADJUSTMENT	\$/MCF	0.010
BALANCE ADJUSTMENT (BA)	\$/MCF	0.023

THIS MONTHLY REPORT FILED PURSUANT TO CASE NO. 2003-00386
OF THE KENTUCKY PUBLIC SERVICE COMMISSION DATED November 6, 2003

DATE FILED: JULY 10, 2006

BY: PAUL G. SMITH

TITLE: VICE-PRESIDENT, RATES

PURCHASED GAS ADJUSTMENT
COMPANY NAME: DUKE ENERGY KENTUCKY

SUPPLEMENTAL MONTHLY REPORT

EXPECTED GAS COST RATE CALCULATION

DETAILS FOR THE EGC RATE IN EFFECT AS OF
PROJECTED VOLUME FOR THE TWELVE MONTH PERIOD ENDED

JULY 31, 2006
MAY 31, 2007

DEMAND (FIXED) COSTS:

	\$
Columbia Gas Transmission Corp.	2,600,057
Tennessee Gas Pipeline	1,122,074
Columbia Gulf Transmission Corp.	1,279,391
K O Transmission Company	307,584
Gas Marketers	381,915
TOTAL DEMAND COST:	<u>5,691,021</u>

PROJECTED GAS SALES LESS SPECIAL CONTRACT IT PURCHASES: 11,752,201 MCF

DEMAND (FIXED) COMPONENT OF EGC RATE \$5,691,021 / 11,752,201 MCF **\$0.484 /MCF**

COMMODITY COSTS:

Gas Marketers	\$7.904 /MCF
Gas Storage	
Columbia Gas Transmission	\$0.000 /MCF
Propane	\$0.000 /MCF
COMMODITY COMPONENT OF EGC RATE:	<u>\$7.904 /MCF</u>

TOTAL EXPECTED GAS COST: \$8.388 /MCF

**GAS COST ADJUSTMENT
DUKE ENERGY KENTUCKY**

DETAILS FOR THE EGC RATE IN EFFECT AS OF : JULY 31, 2006



GAS COMMODITY RATE FOR AUGUST, 2006:

GAS MARKETERS :

WEIGHTED AVERAGE GAS COST @ CITY GATE (\$/Dth) (1):			\$7.4960	\$/Dth
DUKE FUEL	1.800%	\$0.1349	\$7.6309	\$/Dth
DTH TO MCF CONVERSION	1.0358	\$0.2732	\$7.9041	\$/Mcf
ESTIMATED WEIGHTING FACTOR	1.0000		\$7.9041	\$/Mcf
GAS MARKETERS COMMODITY RATE			\$7.904	\$/Mcf

GAS STORAGE :

COLUMBIA GAS TRANS. - STORAGE INVENTORY RATE			\$7.8579	\$/Dth
COLUMBIA GAS TRANS. FSS WITHDRAWAL FEE		\$0.0153	\$7.8732	\$/Dth
COLUMBIA GAS TRANS. SST FUEL	2.083%	\$0.1640	\$8.0372	\$/Dth
COLUMBIA GAS TRANS SST COMMODITY RATE		\$0.0154	\$8.0526	\$/Dth
KO TRANS, COMMODITY RATE		\$0.0135	\$8.0661	\$/Dth
DUKE FUEL	1.800%	\$0.1452	\$8.2113	\$/Dth
DTH TO MCF CONVERSION	1.0358	\$0.2940	\$8.5053	\$/Mcf
ESTIMATED WEIGHTING FACTOR	0.0000		\$0.0000	\$/Mcf
GAS STORAGE COMMODITY RATE - COLUMBIA GAS			\$0.000	\$/Mcf

PROPANE :

ERLANGER PROPANE INVENTORY RATE			\$0.34268	\$/Gallon
GALLON TO MCF CONVERSION	14.84	\$4.7427	\$5.0854	\$/Mcf
ESTIMATED WEIGHTING FACTOR	0.0000		\$0.0000	\$/Mcf
PROPANE COMMODITY RATE			\$0.000	\$/Mcf

(1) Weighted average cost of gas based on NYMEX prices on 07/07/2006 and contracted hedging prices.

Revised Tariff Schedules

INDEX TO APPLICABLE GAS TARIFF SCHEDULES AND COMMUNITIES SERVED

	<u>Sheet No.</u>	<u>Billing Effective Date</u>	<u>Effective Date per Order</u>
<u>SERVICE REGULATIONS</u>			
Service Agreements.....	20	04/03/06	04/03/06
Supplying and Taking of Service.....	21	04/03/06	04/03/06
Customer's Installation.....	22	04/03/06	04/03/06
Company's Installation.....	23	04/03/06	04/03/06
Metering.....	24	04/03/06	04/03/06
Billing and Payment.....	25	04/03/06	04/03/06
Deposits.....	26	04/03/06	04/03/06
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Gas Space Heating Regulations.....	28	04/03/06	04/03/06
Availability of Gas Service.....	29	04/03/06	04/03/06
<u>FIRM SERVICE TARIFF SCHEDULES</u>			
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Rate GS, General Service.....	31	07/31/06	07/31/06
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Rate FRAS, Full Requirements Aggregation Service.....	44	04/03/06	04/03/06
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<u>TRANSPORTATION TARIFF SCHEDULE</u>			
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Purchased Service.....	50	04/03/06	04/03/06
Summer Minimum Service.....	50	04/03/06	04/03/06
Unauthorized Delivery.....	50	04/03/06	04/03/06
Rate FT-L, Firm Transportation Service.....	51	04/03/06	04/03/06
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FT Bills – With GCRT.....	51	04/03/06	04/03/06
FT - Interruptible Bills – No GCRT on FT over 1 Year.....	51	04/03/06	04/03/06
FT - Interruptible Bills – GCRT on FT Under 1 Year.....	51	04/03/06	04/03/06
Reserved for Future Use.....	52		

Issued by authority of an Order of the Kentucky Public Service Commission dated _____ in Case No. _____

Issued:

Effective: July 31, 2006

Issued by Sandra P. Meyer, President

INDEX TO APPLICABLE GAS TARIFF SCHEDULES AND COMMUNITIES SERVED (Contd.)

	<u>Sheet No.</u>	<u>Billing Effective Date</u>	<u>Effective Date per Order</u>
<u>TRANSPORTATION TARIFF SCHEDULES (Contd.)</u>			
Rate SSIT, Spark Spread Interruptible Transportation Rate.....	53	04/03/06	04/03/06
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Rate AS, Pooling Service for Interruptible Transportation.....	55	04/03/06	04/03/06
Reserved for Future Use.....	56		
Rate GTS, Gas Trading Service.....	57	04/03/06	04/03/06
Rate IMBS, Interruptible Monthly Balancing Service.....	58	04/03/06	04/03/06
Imbalance Trades.....	58	04/03/06	04/03/06
Cash Out – Sell to Pool.....	58	04/03/06	04/03/06
Cash Out – Buy from Pool.....	58	04/03/06	04/03/06
Pipeline Penalty.....	58	04/03/06	04/03/06
Rate DGS, Distributed Generation Service.....	59	04/03/06	04/03/06
<u>RIDERS</u>			
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Rider DSM, Demand Side Management Cost Recovery Program	61	04/03/06	04/03/06
Rider DSMR, Demand Side Management Rate.....	62	04/03/06	04/03/06
Rider AMRP, Accelerated Main Replacement Program Rider.....	63	04/03/06	04/03/06
Rider MSR-G.....	64	05/01/06	05/01/06
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Duke Energy Kentucky
1697-A Monmouth Street
Newport, Kentucky 41071

KY.P.S.C. Gas No. 1
Fourth Revised Sheet No. 30
Cancelling and Superseding
Third Revised Sheet No. 30
Page 1 of 1

RATE RS

RESIDENTIAL SERVICE

APPLICABILITY

Applicable to firm natural gas service, which is comprised of commodity gas supply and local delivery service, required for all domestic purposes in private residences, single occupancy apartments, and common use areas of multi-occupancy buildings, when supplied at one point of delivery where distribution mains are adjacent to the premises to be served.

NET MONTHLY BILL

The Net Monthly Bill is determined as follows:
All gas is billed in units of 100 cubic feet (CCF).

Customer Charge per month: \$12.10
Plus the applicable charge per month as set forth on Sheet No. 63,
Rider AMRP, Accelerated Main Replacement Program

	<u>Delivery Rate</u>		<u>Gas Cost Adjustment</u>		<u>Total Rate</u>	
Plus a commodity Charge for all CCF at	\$0.26687	plus	\$0.87740	Equals	\$1.14427	(R)

Plus, all delivered gas shall be subject to an adjustment per CCF as set forth on:
Sheet No. 62, Rider DSMR, Demand Side Management Rate. In addition, the EAP charge shown on
Rider DSMR shall be added to the monthly Customer Charge shown above.

The "Customer Charge" shown above plus Rider AMRP shall be the minimum amount billed each
month.

The "Gas Cost Adjustment" as shown above, is an adjustment per 100 cubic feet determined in
accordance with the "Gas Cost Adjustment Clause" set forth on Sheet No. 70 of this tariff.

When bills are rendered less frequently than monthly the time related units such as cubic feet blocks,
minimum or other charges, will be billed in accordance with the number of billing months in the meter
reading interval.

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days
from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is
the Net Monthly Bill plus 5%, is due and payable.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the
jurisdiction of the Kentucky Public Service Commission and to Company's Service Regulations
currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

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RATE GS

GENERAL SERVICE

APPLICABILITY

Applicable to firm natural gas service, which is comprised of commodity gas supply and local delivery service, required for any purpose by an individual non-residential customer at one location when supplied at one point of delivery where distribution mains are adjacent to the premises to be served. This schedule is also applicable to non-metered natural gas commodity supplies and local delivery service for street lighting to such entities as certificated homeowners associations, businesses, and federal, state, and local governments. The Company may decline requests for service under this tariff due to gas supply limitations.

NET MONTHLY BILL

The Net Monthly Bill is determined as follows:
 All gas is billed in units of 100 cubic feet (CCF)

Customer Charge per month: \$30.00
 Plus the applicable charge per month as set forth on Sheet No. 63,
 Rider AMRP, Accelerated Main Replacement Program

	<u>Delivery Rate</u>		<u>Gas Cost Adjustment</u>		<u>Total Rate</u>	
Plus a Commodity Charge for all CCF at	\$0.20949	Plus	\$0.87740	Equals	\$1.08689	(R)

Plus all delivered gas shall be subject to an adjustment per CCF as set forth on:
 Sheet No. 62, Rider DSMR, Demand Side Management Rate for non-residential service

The "Customer Charge" shown above plus Rider AMRP shall be the minimum amount billed per month.

The "Gas Cost Adjustment," as shown above, is an adjustment per 100 cubic feet determined in accordance with the "Gas Cost Adjustment Clause" set forth on Sheet No. 70 of this tariff.

When bills are rendered less frequently than monthly the time related units such as cubic feet blocks, minimum bills or other charges, will be billed in accordance with the number of billing months in the meter reading interval.

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5%, is due and payable.

TERM OF SERVICE

One year, terminable thereafter on ten (10) days written notice by either customer or Company.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission as provided by law.

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